

Inpex back in Court over Ichthys plant faults

OPERATOR of the massive Ichthys LNG project in the Northern Territory is back in Supreme Court seeking an insurance payout over alleged faulty equipment at its onshore processing plant in Darwin.



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First gas from the Ichthys field was achieved in July 2018 and the first LNG cargo shipped from its onshore plant in October that same year. The mammoth development was hit by a series of delays at the Bladin Point plant in Darwin Harbour pushing its original start-up back by two years.

Litigation following the initial commissioning has been varied and wide-ranging for years.

Most recently, Inpex claimed A\$467 million in damages from shipbuilder Daewoo over late and incomplete construction of its Ichthys FPSO.

Inpex also sued major contractor JKC over faults and delays at the combined cycle power plant which provided electricity to the Ichthys onshore plant in a claim worth A\$2.5 billion.

Engineering firm CIMIC was also taken to the International Chamber of Commerce for arbitration in Singapore by Inpex. CIMIC ended up paying around \$500 million.

Now, Inpex is back in court looking to scrape back cash for problems with the liquefaction plant.

It has named insurers AIG, Allianz, and Mitsui Sumitomo, among the 25 insurance companies it seeks payment from.

In court documents obtained by Energy News, Inpex alleged that epoxy phenolic coatings (I228) used by JKC were unsuitable as a protective barrier along liquefaction trains and "various steel components" at the plant.

The coatings - applied to 30,000 lines - were intended as a protective barrier to protect exposure to temperature, humidity, moisture and chlorides and stop corrosion and cracking across the plant.

Inpex said the coating had damaged piping and equipment, was applied incorrectly which resulted in technical problems, and that I228 had rapidly degraded causing cracks and "permeable pathways" which led to corrosion and rust.

Inpex also claims that an insulation system of flexible elastomeric foam used on parts of the plant operating at temperatures of - 40°C to 120°C was not suitable and resulted in water leaking into systems.

This week, the Court heard a request by plaintiff Inpex to have two insurance policies (one policy led by AIG and the other by Mitsui) heard separately as two distinct trials.

The defendants requested both insurance policies be heard together as one case.

Inpex's request was denied.